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Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

27 October 1983

Albania: New Openings in Foreign Relations

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Summary

In a marked departure from its usual xenophobia, Albania is beginning to expand its economic and political contacts abroad. In the past year, Tirana has made some solid gains, concluding a trade pact with China and making progress in its economic relations with Italy.

[redacted] It has recently expressed a desire to reopen discussions on old disputes with other West European states as well. [redacted]

The increase in Albania's international activity, in our opinion, is caused by:

- An acute need for spare parts for Chinese-built machines and an interest in new technology to spur economic development.
- An apparent desire to increase international understanding for its point of view in a deepening dispute with rival Yugoslavia. [redacted]

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This memorandum was prepared by [redacted] East European Division, Office of European Analysis. It was coordinated with the Office of Soviet Analysis and the Office of East Asian Analysis. Comments and questions are welcome and should be addressed to [redacted] Chief, East European Division, Office of European Analysis [redacted]

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We believe, however, that Tirana's new foreign policy approach is fragile and rests on tentative political stability at home. Ramiz Alia, currently heir presumptive to Party leader Hoxha, may be the spark behind Tirana's decision to test its wings abroad. It is clear, at least, that Albania's new activism is coincident with Alia's more frequent public appearances and recent authoritative pronouncements on foreign and domestic policies. The propriety of foreign contacts, however, has led to serious leadership rivalry in the past. The current initiatives could evaporate if Alia faces political trouble in the future.

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25X1 Tirana differentiates between trade ties and political compromise, and we believe that its new opening does not signal any relaxation in Albania's Stalinist system. In all their contacts, Albanian officials explicitly stress two conditions on Tirana's initiative.

- It will continue its hostile policies toward both superpowers.
- It will avoid what it perceives to be Yugoslavia's error in becoming indebted to Western bankers and will reject foreign credits, insisting that all trade be conducted on a barter or cash-and-carry basis.

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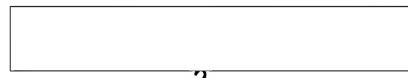
Alia and the New Opening

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Albania's diplomatic opening coincides with the rapid rise of Ramiz Alia, member of the party Politburo and Secretariat and Chairman of the People's Assembly. Alia today makes more authoritative speeches and public appearances than does Hoxha. He has visited virtually every province in the country this year, and is regularly listed second only to Hoxha on important official occasions. We believe that his rise has given the country greater political stability than has been apparent since purges in 1981-1982 claimed the life of his predecessor and led to the disgrace and disappearance of the country's foreign and defense ministers.

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Alia has staked his prestige on the new foreign policy initiatives. His willingness to embark on them indicates that he feels confident that rivals are too weak to counter this dramatic policy departure. The greatest danger, in our view, lies in the possibility that Enver Hoxha--whose emulation of Stalin includes a tendency periodically to destroy those closest to him--will come to view Alia as a threat and eliminate him.

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Foreign contacts may have contributed to the fall of his predecessor, Mehmet Shehu. A more limited thaw with West Germany and other West European states, following Albania's split with China in 1978, ended abruptly after Shehu's death in December 1981. Some West European officials suggested that Shehu and his followers were ousted because they supported improved economic relations with the West. If true, the current revitalization of diplomatic contacts could result from a cynical Alia decision--he had attacked Italy and other Western powers as recently as December 1982--to coopt the policies of leaders he helped destroy. In any event, the freeze on new foreign contacts appears now to have ended following a period of internal consolidation.

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East Asian Moves

Greek officials told US Embassy officers in Athens last January that Albania had resumed trade relations with China. Chinese officials told a Canadian official last spring that Albania had requested a \$300 million trade agreement, but that Beijing had scaled down the terms to a \$10 million exchange of Albanian chrome, ferrochrome, and copper for Chinese rice, cotton, and spare parts. Western press reports in October put the agreement's actual value in the \$5 to 7 million range, and alleged that China granted an Albanian request to make early repayment of some debts still owed under pre-1978 agreements.

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Trade relations had been broken off in 1978 when Albania suspended party-to-party contacts because of differences over Peking's more pragmatic foreign policy. China had been Albania's economic prop since Tirana bolted from the Soviet bloc in 1961, and its reluctance to seek trading partners to replace China imposed great economic hardships. We believe that Tirana's need for spare parts for agricultural machinery was a major spur to its decision to reestablish economic relations with Beijing. Western journalists who visited Albania recently reported that few tractors appear to be in working order.

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The renewal of Sino-Albanian economic ties probably does not signal a parallel improvement in political relations. Close on

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the heels of the agreement with Beijing, Albania established diplomatic relations with the Vietnamese-supported Heng Samrin regime in Kampuchea. US officials in Hong Kong reported recently that China did not protest Tirana's recognition of Heng Samrin, but probably was embarrassed by the coincidence of apparently contradictory economic and diplomatic developments. The US officials, who doubted that Beijing was aware in advance of discussions between Tirana and Phnom Penh, noted that the Chinese press has described Sino-Albanian relations as developing "gradually." Tirana's recognition of Heng Samrin, moreover, followed a well-publicized warming of Tirana's ties with Beijing's Vietnamese adversaries, probably spurred by Albanian annoyance with Chinese Party leader Hu Yaobang's visit to Yugoslavia in May.

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Opening to The West

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The opening to the West, like those to China and Vietnam/Kampuchea, has been building momentum for several months and is aimed at developing economic ties. By opening up to Western Europe as well as China, Albania can seek access to hard currency markets and technologically superior goods and services.

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Deputy Foreign Minister Plaka--formerly Ambassador to Belgrade--traveled to Turkey in February, where he proposed more bilateral trade. Plaka and Alia, among others, subsequently expressed satisfaction with relations with Turkey and all bordering states except Yugoslavia. Since then, the Albanians have signed a cultural agreement with Sweden, sent their foreign trade minister to Vienna for talks, and invited ambassadors from Argentina, Switzerland, Austria, and Australia--accredited to Tirana but resident in Belgrade--to visit Albania more often.

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In reopening dialogues with the West, Albania has made the strongest gestures to Italy. Foreign Minister Malile met with Italian Foreign Minister Andreotti on 26 September at the UN General Assembly in New York. Italian officials later told the US Embassy in Rome that the Albanians pushed for more bilateral trade. Malile expressed satisfaction with relations with Greece and Turkey as well as Italy, and said Albania hopes for more Western tourists. He rejected any offer of credits, reflecting Albania's often-expressed fear of mortgaging itself to hostile foreign creditors. In mid-October, Malile went to Rome for yet another round of talks on economic cooperation.

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Tirana's primary gain in its escalated contacts with Italy

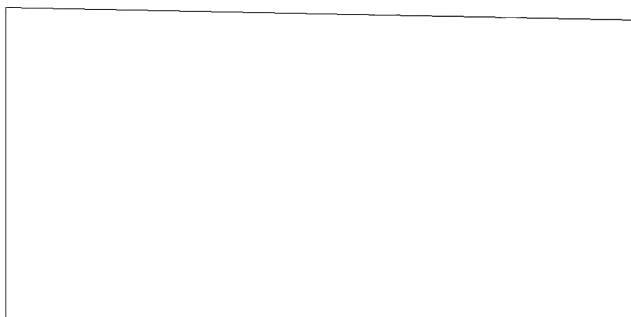
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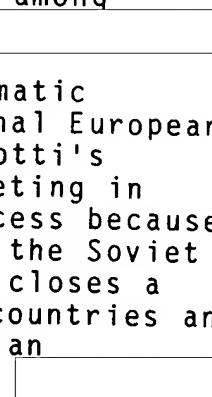
appears to be an agreement, signed 22 October, to open a truck ferry between Trieste and the port of Durres. Albania began to pursue this project in the spring of 1981 when strains with neighboring Yugoslavia temporarily interrupted Albania's only land link with Western Europe.



Albania also has indicated willingness to reopen talks on the dispute with the US, UK, France, and Italy over Albanian gold confiscated during World War II. Tirana, however, still insists that the gold settlement be tied to its reparations claims against Italy and refuses to compensate the UK for the 44 lives lost when two British destroyers struck mines in the Corfu channel in 1946. The West Europeans recently agreed among themselves to separate the gold and claims issues.

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Judging by its actions to date, Albania's diplomatic offensive does not extend to playing a role in regional European security forums. In New York, Malile rejected Andreotti's suggestion that Albania send observers to the CDE meeting in Stockholm. The Albanians reject the entire CSCE process because it started as a Soviet suggestion and failed to stop the Soviet invasion of Afghanistan. Malile's dismissal of CSCE closes a potentially rich point of contact with all European countries and the superpowers but also reflects a consistent Albanian preference for bilateral over multilateral diplomacy.

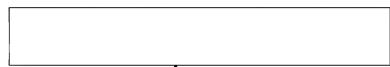


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The Yugoslav Factor

We believe that Albania's foreign policy overtures also result from Tirana's search for international support in its rivalry with Yugoslavia. Albania, in our opinion, is concerned that the West--which it realizes values Yugoslavia as a barrier against Soviet expansion in the Balkans--may support Belgrade if the current tension degenerates into open hostilities. Both Plaka and Malile used their discussions with West European officials to stress the poor state of relations between Tirana and Belgrade. They also expressed willingness to try to improve relations, but only if Yugoslavia grants "equal political status"

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to its 1.7 million Albanians--40 percent of all Albanians--and renounces any intention to absorb Albania. [redacted]

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25X1 Yugoslav-Albanian relations have deteriorated over the past year. Hoxha's 1982 book The Titoites and his virulent attack against Belgrade during an election speech last November led to a sharp Yugoslav demarche in January. Polemics abated for a few months, but resumed when Alia made several anti-Yugoslav speeches during a spring tour of northern provinces. Albania answered a Yugoslav invitation to send observers to last month's military maneuvers in Macedonia with insults and charges that Belgrade was staging a military provocation against Albania and "other countries"--probably meaning Bulgaria. The US Embassy in Belgrade believes that this reference will fuel Yugoslav suspicions--expressed to Vice-President Bush--of Bulgaro-Albanian collusion against Yugoslavia. [redacted]

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Both Tirana and Belgrade have expressed concern about the deepening animosity to foreign observers. Yugoslav Foreign Minister Mojsov told the Vice-President that he expects a pro-Soviet group inside Albania to create "an upheaval" after Hoxha dies. Mojsov noted that Albania never officially left the Warsaw Pact and could easily rejoin it. Plaka, on the other hand, told Turkish officials in February that Albania wants Yugoslavia to remain intact, albeit with a Kosovo republic as a component part of the federation. Malile repeated this position in his talks with Andreotti. [redacted]

Implications for the Superpowers

We expect Tirana to persevere in its international initiatives unless a rival successfully challenges Alia's authority or Hoxha decides to purge his heir apparent. Albania's need for foreign markets, machinery, and technology is likely to override the ideological impulse to go it alone. Nevertheless, Tirana probably will refuse on principle to accept foreign credits, and deal only on a barter or cash-and-carry basis. [redacted]

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The breadth of Albania's current initiative almost certainly reflects Albania's desire to avoid the dependence on one patron that caused economic difficulties following the breaks with Moscow and Beijing. We also believe that Tirana's current

*Albania supports underground movements for a separate Kosovo republic within the Yugoslav federation, provoking Yugoslav fears of Albanian irredentism. Tirana denies Yugoslav charges that it wants to absorb the largely--77 percent--Albanian province. [redacted]

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leaders will continue the diplomatic dialogue as a hedge against deepening hostility with its Yugoslav neighbors. [redacted]

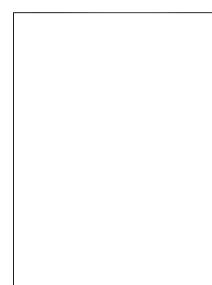
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The current Albanian opening to Western Europe, China, and Vietnam/Kampuchea, in our view, does not augur better relations with the superpowers in the near future. In particular, the improvement in Albanian relations with Vietnam and its Kampuchean client probably is not now a first step toward better relations with the Soviet Union. The Albanians firmly rejected public Soviet feelers for better relations shortly after Brezhnev's funeral, and have continued to vilify both superpowers in familiar and brutal terms. While Albania is willing to discuss specific bilateral disputes, we doubt that such negotiations will lead to any major improvement in relations with either the US or USSR as long as Hoxha is alive. [redacted]

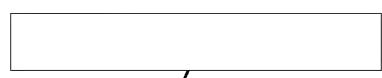
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Nevertheless, having failed with tentative attempts at better political relations, Moscow may next attempt to offer better economic ties. A Soviet Foreign Ministry official responsible for relations with Albania told US Embassy officers in Moscow that he considers trade offers to be the only way to gain influence in Tirana. [redacted]



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